# STATE OF INDIANA

#### DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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TO: All County and Township Assessors and Redevelopment Commissions

FROM: Courtney L. Schaafsma, Commissioner

**RE:** Legislative Changes Affecting TIFs and Certified Technology Parks

**DATE:** May 18, 2015

This memorandum addresses legislative changes concerning obligations of redevelopment commissions and authorities and tax increment finance ("TIF") revenue from certified technology parks. Please note that this memorandum is intended to be an informative bulletin; it is not a substitute for reading the law.

**I.** Redevelopment Commission/Authority Meetings, Reporting, and Disbursement of Funds On April 29, 2015, Governor Pence signed into law Senate Enrolled Act 567-2015 ("SEA 567"), which makes numerous changes regarding redevelopment commissions.

Effective January 1, 2016, Section 1 amends IC 36-7-14-8 (concerning redevelopment commissions) as follows:

- 1. Redevelopment commissioners must hold a meeting for the purpose of organization not later than 30 days after they are appointed and, after that, each year on a day that is not a Saturday, a Sunday, or a legal holiday and that is their first meeting day of the year (currently the organizational meeting must be held on the first day in January that is not a Saturday, Sunday, or legal holiday).
- 2. The deadline for the commission's treasurer to submit the annual report to the commission is now March 30 rather than June 30.
- 3. The treasurer of the commission may disburse funds of the commission only after the commission allows and approves the disbursement. However, the commission may, by rule or resolution, authorize the treasurer to make certain types of disbursements before the commission's allowance and approval at its next regular meeting. (Section 7, effective January 1, 2016, amends IC 36-7-15.1-3.5 to apply this same change to Marion County.)

Effective January 1, 2016, Section 2 amends IC 36-7-14-13 so that the two commission reports normally due March 15 and July 31 are consolidated into one annual report due not later than April 15 to the applicable unit's executive *and* fiscal body. Because a copy of this report is to be sent to the Department, the fiscal body is no longer required to submit to the Department the comprehensive report normally due by September 30. (Section 10, effective January 1, 2016, amends IC 36-7-15.1-36.3 to apply the same changes to Marion County.)

Effective January 1, 2016, Sections 3 through 5 amend IC 36-7-14-39, IC 36-7-14-48, and IC 36-7-14-52, respectively, to require commissions to submit the notice of excess TIF assessed value to the appropriate parties, including the Department, before July 1. In addition, the notice must be filed electronically with the Department. The Department will provide instructions on this process in 2016. (Sections 8, 9, 11, and 12, effective January 1, 2016, amend IC 36-7-15.1-26, 35, 53, and 62, respectively, to apply these same changes to Marion County.)

Effective January 1, 2016, Section 6 amends IC 36-7-14.5-9 (concerning redevelopment authorities) as follows:

- 1. Each year, the board of a redevelopment authority must hold an organizational meeting on a day that is not a Saturday, a Sunday, or a legal holiday and that is their first meeting day of the year (currently the organizational meeting must be held immediately after January 15).
- 2. The deadline for the board's secretary-treasurer to submit the annual report to the board is now March 30 rather than June 30.
- 3. Not later than April 15 of each year, the board must submit a report setting out its activities during the preceding calendar year to the executive and the fiscal body of the unit that established the redevelopment authority and to the Department in an electronic format. The report must include the following information set forth for each TIF district regarding the previous year:
  - (a) Revenues received.
  - (b) Expenses paid.
  - (c) Fund balances.
  - (d) The amount and maturity date for all outstanding obligations.
  - (e) The amount paid on outstanding obligations.
  - (f) A list of all the parcels included in each TIF district allocation area and the base assessed value and incremental assessed value for each parcel in the list.

This is the same type of report that has been required of redevelopment commissions. Redevelopment authorities will now be required to submit this report starting in 2016.

## II. Agreements for Waiving Review of Assessments in TIF Districts

On May 6, 2015, Governor Pence signed into law Senate Enrolled Act 436-2015 ("SEA 436"). Section 13 adds IC 6-1.1-15-1.5, effective July 1, 2015. This statute allows a taxpayer to enter into a written agreement with an entity authorized to establish a TIF district whereby the taxpayer waives review of any assessment of the taxpayer's tangible property located in the TIF district for an assessment date that occurs during the term of any specified bond or lease obligations that are payable from property taxes in accordance with an allocation provision for the TIF district and any applicable statute, ordinance, or resolution. The agreement may precede the establishment of the allocation area or the determination to issue bonds or enter into leases payable from the allocated property taxes.

If a taxpayer enters into such an agreement, the taxpayer may not obtain review of a county or township official's assessment of the tangible property by the property tax assessment board of appeals ("PTABOA"), Indiana Board of Tax Review, or a court for an assessment date that occurs during the applicable term.

The waiver agreement is available in any of the following TIF districts:

- Economic Development Districts (IC 6-1.1-39)
- Airport Development Zones (IC 8-22-3.5)
- Redevelopment Areas excluding Marion County (IC 36-7-14)

- Redevelopment Authorities (IC 36-7-14.5)
- Marion County Redevelopment Areas (IC 36-7-15.1)
- Military Reuse Authorities (IC 36-7-30)
- Multicounty Federal Military Reuse Authorities (IC 36-7-30.5)
- Certified Technology Parks (IC 36-7-32)

Sections 20, 23, and 26 through 31 introduce IC 6-1.1-39-10, IC 8-22-3.5-9.8, IC 36-7-14-39.6, IC 36-7-14.5-12.6, IC 36-7-15.1-26.6, IC 36-7-30-26.5, IC 36-7-30.5-31.5, and IC 36-7-32-17.5, respectively, which supplement IC 6-1.1-15-1.5 (as discussed above) and authorize the various commissions and authorities to enter into a written agreement with a taxpayer who owns, or is otherwise obligated to pay property taxes on, tangible property that is or will be located in the TIF district whereby the taxpayer waives review of any assessment of the taxpayer's tangible property located in the TIF district for an applicable assessment date. These statutes are effective July 1, 2015.

# III. TIF Revenue Derived from Certified Technology Parks

Section 32 of SEA 436 amends IC 36-7-32-22, effective July 1, 2015, so that for a certified technology park ("park") operating under a written agreement entered into by two or more redevelopment commissions:

- 1. not more than a total of \$5,000,000 may be deposited over the life of the park in the TIF fund of each commission participating in the operation of the park; and
- 2. the total amount that may be deposited in all TIF funds over the life of the park, in aggregate, may not exceed the result of \$5,000,000 multiplied by the number of commissions that have entered into the written agreement for the operation of the park.

Section 33 amends IC 36-7-32-26, effective July 1, 2015, so that a party to the written agreement may agree to allocate a part of the maximum amount that may be deposited in its TIF fund to one or more other parties to the agreement.

For example, if three commissions have a written agreement under IC 36-7-32-26 to operate a park, each commission's TIF fund can capture no more than \$5,000,000 over the life of the park and the aggregate amount the three commissions' TIF funds may capture over the life of the park is \$15,000,000. However, one of the commissions could, pursuant to the agreement, allocate part of its maximum \$5,000,000 to one of the other commissions. In other words, commission A could agree to allocate \$1,000,000 of its \$5,000,000 to commission B, which would then potentially capture \$6,000,000 in funds. The maximum aggregate amount the three commissions could capture over the life of the park would still be \$15,000,000 (\$4,000,000 for commission A, \$6,000,000 for commission B, and \$5,000,000 for commission C).

### **Contact Information**

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